FISCAL NOTE

HB 3504 - SB 3403

February 25, 2012

SUMMARY OF BILL: Expands the meaning of "medium speed vehicle" to include mini-trucks, for the purpose of motor vehicle registration law.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - $30,900

Increase Local Revenue - $34,000

Assumptions:

- According to the Department of Revenue (DOR), and mini-truck production as indicated by the Environmental Protection Agency, Enforcement Alert for September 2009, there are approximately 3,500 mini-trucks purchased in the United States each month, or 42,000 per year.
- Based on Tennessee's population to the national population, Tennessee residents and businesses account for two percent (or 840) of national purchases each year.
- Assuming a six-year life span for mini-trucks, and six prior years of mini-truck purchases in Tennessee, the total number of mini-trucks that could become registered in Tennessee as a result of this bill is estimated to be 5,040 (840 x 6).
- The total number of mini-trucks utilized in Tennessee in any given year remains constant at 5,040 because future purchases of mini-trucks will replace mini-trucks that have reached the end of their life-span.
- Some mini-trucks will not be registered by owners because they are only used on private property; therefore, an average of 50 percent (or 2,520) will be registered each year.
- According to DOR, the state fee for medium plates is $12.25 and the average county wheel tax is estimated to be $27.00; however, DOR indicates that some counties do not assess wheel tax for medium speed vehicles.
- Fifty percent of Tennessee counties (or 48) assess county wheel tax for medium speed vehicles.
- The recurring increase in state revenue is estimated to be $30,870 (2,520 x $12.25).
- The recurring increase in local revenue is estimated to be $34,020 (2,520 x 50% x $27.00).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Lucian D. Geise, Executive Director

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